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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 12/29/06

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule

Defense and security issues:

- 4) JDA acknowledges that it is considering revising the plan to relocate Futenma Air Station to the shores of Camp Schwab
- 5) Okinawa Governor Nakaima would accept plan to relocate Futenma, conditioned on certain revisions
- 6) Relocation of training of F-15s stationed at Kadena Air Base to SDF bases will be at US expense
- 7) US, Japan to strengthen the protection of military secrets by signing a GSOMIA, but seen as further speeding up the "unification" of US forces, SDF
- 8) Government to extend the Iraq Special Measures Law up to two years to allow continued service by ASDF

Political agenda:

- 9) Prime Minister Abe's selection of Watanabe to replace Sata as administrative reform minister is a gamble
- 10) LDP comes out with 2007 political action plan, centered on passage of constitutional referendum bill
- 11) LDP action plan for 2007 has strong imprint of Abe's policy agenda
- 12) Prime Minister annoyed at reporter's questions about Yasukuni visits

Articles:

## 1) TOP HEADLINES

### Asahi:

Japan, US to strengthen security administration of military secrets and expand scope of penalty application by concluding GSOMIA

### Mainichi:

Okinawa governor intends to accept the coastal plan for Futenma relocation but with condition of adding revisions to the plan

### Yomiuri:

Poll of 47 prefectures and 15 government-designated cities about public bid on public works projects: 50% of those surveyed say the successful bidders offered more than 90% of the planned prices; Differences seen in public bidding reform

### Nihon Keizai:

Japanese firms' M&A amounts to 15 trillion yen for 2006, a 30% up a year

### Sankei:

Kirin Brewery Co. reveals a plan to produce biofuel from byproducts of beers

### Tokyo Shimbun:

Poll of child abuse in Tokyo and 6 prefectures: Child consultation centers troubled about increased cases of child abuse; 50% of the centers surveyed say "We take action within 48 hours after receiving child abuse information"; Heavy burden with 84 cases put in the hands of one social welfare consultant

TOKYO 00007188 002 OF 010

### Akahata:

Plans for relocation of US military drills found; Training planned in 6 locations for next fiscal year; Noise pollution and dangers to spread across the country

## 2) EDITORIALS

### Asahi:

(1) Court ruling on fake quake-resistance data case: We still fear  
(2) Fabricated research papers: Need to create rules for transparency

### Mainichi:

(1) Live organ transplant: Creating rules essential  
(2) Economic growth not felt by the general public likely to continue

### Yomiuri:

Looking back on 2006: The world becomes more unstable

### Nihon Keizai:

Japan appalled by North Korea's nuclear weapons, while its reform line shadowed

### Sankei:

(1) Drunken drivers: It's time to change awareness  
(2) While-collar exemption: Still room for debate

### Tokyo Shimbun:

(1) No drunken drivers: It's time to part with easy-going awareness  
(2) Iraq situation: Decision on execution should be made cool-headedly

### Akahata:

Soccer lottery: Scrapping it is the way to promotion of sports

## 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, December 28

09:28

Met Minister of Internal Affairs and Communications Suga at Kantei. Later met Ambassador to Russia Saito and Foreign Ministry European Affairs Bureau Director General Harada. Followed by Cabinet Intelligence Director Mitani.

10:27

Met Cabinet Office Senior Vice Minister Yoshimi Watanabe, with Chief Cabinet Secretary Shiozaki. Followed by Deputy Foreign Minister Yabunaka and Asian and Oceanian Affairs Bureau Director General Sasae, with Deputy Chief Cabinet Secretary Suzuki and Special Advisor Seko.

11:35

Met JETRO President Osamu Watanabe.

12:13

Met with the heads of Cabinet Office Press Club member companies.

TOKYO 00007188 003 OF 010

14:29

Arrived at the Imperial Palace to attend a ceremony to formally appoint Yoshimi Watanabe as a new cabinet member and then an attestation ceremony for Lower House member Hideaki Omura to be Cabinet Office senior vice minister.

15:23

Handed an official appointment to Watanabe at Kantei. Gives instructions to Omura. Later posed for a photo shot. Later, met Shiozaki.

16:08

Held informal talks with Cabinet Press Club members.

17:12

Attended a gathering marking the last business day of the year. Later met New Komeito head Ota and Lower House member Takayoshi Taniguchi.

18:15

Returned to his official residence.

4) JDA studying revision of relocation plan for Futenma Air Station

TOKYO (Page 2) (Full)  
December 29, 2006

On the issue of relocation the US forces' Futenma Air Station in Okinawa Prefecture, It was learned on Dec. 28 that the Defense Agency (JDA) is considering revising the current plan to construct a V-shaped runway on the shores of Camp Schwab (Nago City). A top official at JDA yesterday told the press corps: "I ordered (administrative officials) to flexibly consider such."

Specifically, JDA is studying such possibilities as: 1) moving the location of the runway dozens of meters seaward from its current position in the plan in order to lessen the noise factor and danger; and 2) changing the configuration of the V-shaped runway. The affected local governments have been informed of the study.

However, this May, the Japanese and US governments reached a final agreement on the current relocation plan, so it is unclear whether the US will accept the revisions or not.

5) Okinawa governor intends to accept shore plan for relocation of Futenma Air Station, conditioned on revisions

MAINICHI (Top play) (Abridged)  
December 29, 2006

In connection with the relocation of the US forces' Futenma Air Station (Ginowan City) to the shoreline of Camp Schwab (Nago City), Okinawa Governor Hirokazu Nakaima has made up his mind to basically accept the move, conditioned on revision of the plan. This means a

switch in policy stance in effect by the prefecture, which has been consistently opposed to the shoreline plan since the interim report on realignment of US forces was agreed on between the governments of Japan and the United States last October. With this, the possibility has emerged of the USFJ realignment process being speeded up.

According to an informed source, Governor Nakaima has informed the group of promoters in the prefecture of the relocation, "I would

TOKYO 00007188 004 OF 010

like you to wait until around spring (for the decision)." In addition, in a press conference on Dec. 27, he took a forward-looking stance toward relocation, conditioned on revisions, saying: "It is better to relocate quickly. (The shoreline plan) cannot be ignored. I wonder how much it can be changed." Even on the meaning of the condition he set going into the relocation talks, "a state of closure of Futenma," the hurdle has been lowered when he said, "If the government just said so, it would be fine. After that, it would be a trust relationship."

In addition, the prefecture also has been secretly sounding out the Defense Agency (JDA) about the possibility of minor revisions of the shoreline plan. In reaction, JDA has been studying revising the plan, and continuing to set the groundwork for an agreement centered on a revised shoreline plan.

However, the US side has consistently insisted that it will not budge on not responding to a revision of the shoreline plan, so there would seem to be many twists and turns ahead.

6) US basically agrees to bear partial cost of relocating F-15 fighter training at Kadena

TOKYO SHIMBUN (Page 1) (Full)  
December 29, 2006

The governments of Japan and the United States have basically reach an agreement in a dispute over cost sharing for relocating part of F-15 fighter training at the US Kadena Air Base (in Okinawa) and other training to six bases of the Self-Defense Force (SDF). According to sources connected to Japan-US relations, training will be gradually transferred starting around next February.

Japan and the US will officially sign an agreement in a Joint Committee meeting scheduled for the middle of January. The Japanese government has already earmarked necessary expenses in the supplementary budget for this fiscal year and in next fiscal year's budget. The two countries plan to carry out joint training two or three times at each of the six bases next fiscal year. This development will move ahead military unification between Japan and the US.

The US insisted that Japan should bear the total cost of relocating training, on the grounds that the transfer is mainly aimed to "reduce the burden on Okinawa," while Japan asserted that the US should also bear partial cost. But the US agreed in the end to foot part of the bill, based on the judgment that joint training with the SDF will lead to improving interoperability between the US military and the SDF.

The Japanese and US governments agreed in the final report on US force realignment out this May to transfer part of the training at the US military's Kadena, Misawa (Aomori Prefecture), and Iwakuni (Yamaguchi) bases to the SDF's Chitose (Hokkaido), Misawa, Hyakuri (Ibaraki), Komatsu (Ishikawa), Tsuiki (Fukuoka), and Nyutabaru (Miyazaki).

Two types of joint training will be carried out: Training (1) by 1 - 5 five planes each of the US military and the SDF for 1 - 7 days; and (2) by six to 12 planes for 8 - 14 days. The training will need costs for transporting training planes and mechanics, fuel, accommodation, food, and heating and electricity.

TOKYO 00007188 005 OF 010

The US will pay transport and fuel costs for the type-1 training to be relocated from Misawa and Iwakuni. To bear the remaining costs, Japan has allocated approximately 370 million yen in next fiscal year's budget.

7) Japan, US to strengthen protection of military secrets and expand scope of penalties by concluding GSOMIA

ASAHI (Top play) (Excerpts)  
December 29, 2006

The Japanese government has decided to respond to the US request to sign a General Security of Military Information Agreement (GSOMIA), a pact that comprehensively sets regulations to protect defense secrets. GSOMIA will enable Japan and the US to share highly

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classified military information, and as a consequence, repairs to US vessels will be more frequently commissioned to Japanese firms. On the other hand, the scope of penalties will expand with such things as operations, drills, and weapons technology, expected to be subject to the secrecy protection. The concern is that with even more integration of military activities between Japan and the US, the Japanese people's right to know may be restricted.

Japan has already reached a general agreement with the US government in working-level talks. Defense Agency (JDA) Director-General Fumio Kyuma will announce this policy at a meeting of the Japan-US Security Consultative Committee (SCC or 2+2) expected to take place in Washington possibly in January of next year. Tokyo intends to formally sign a GSOMIA as early as the first half of next year and obtain Diet approval during the ordinary session.

The current system for protecting classified information between Japan and the US is limited. Matters subject to the Espionage Law under the Japan-US Mutual Defense Assistance Agreement (MDA) are restricted to equipment information. Under the Self-Defense Forces (SDF) Law, the JDA, the SDF, and relevant equipment suppliers and other firms are obligated to protect secrecy. In advancing the Japan-US joint development of the missile defense (MD) system, the two countries concluded a memorandum of understanding (MOU) on each project for the protection of secrets.

In contrast, GSOMIA is a comprehensive framework to prohibit leaks of secret information and obligates both the governments and private-sector firms of the two countries to keep and protect military secrets. Matters subject to GSOMIA include information on operations, training, and weapons technology.

Once the system to protect secrets is established, Japanese firms will be more often commissioned by US firms to repair US vessels deployed in Japan by the US forces. In the case of highly classified US vessels, most until now have been repaired by US firms on the US mainland, and there have been only a few such vessels commissioned to Japanese firms for repair.

Concluding GSOMIA is the first priority for Japan now. So, Japan has no plan to enact a new law regarding how to punish those who leak secrets. Japan intends to apply the existing penalty system.

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However, the scope of punishment is likely to expand because more Japanese firms and more ministries and agencies will be involved as a result.

TOKYO 00007188 006 OF 010

Commentary: Military integration will accelerate

Masahiro Tsuruoka

Lying behind the move for Japan to sign GSOMIA is the US request for improving the efficiency of the US force deployment and sharing more intelligence with the SDF. Japanese business circles also have a strong interest in the defense industry as the Japan-US alliance has

been strengthened by the Koizumi administration and then the Abe administration. But the question of strengthening the secrecy protection framework that will further step up military integration between Japan and the US must be discussed in a cautious manner, given that legislation on leaking secrets has been on the backburner in view of the people's right to know.

The US has asked Japan since the 1980s to conclude GSOMIA. In 1985, the ruling Liberal Democratic Party (LDP) submitted to the Diet an anti-espionage bill on state secrets was scrapped because of objections from opposition parties arguing: "Even information-gathering activities by journalists will be subject to punishment. The bill will restrict the freedom of press that guarantee the public's right to know."

But America has heightened its request for strengthening the bilateral alliance in the process of reaching a final agreement on the US force realignment and with North Korea's nuclear and missile programs becoming serious issues. Prime Minister Abe launched a task force aimed at prevention of the leakage of state secrets, and he indicated a plan to create unified standards applicable to every ministry and agency. Military integration and protection of state secrets are moving speedily ahead.

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The reason why the government has decided to delay enacting a new law for stricter punishment is because "cautious discussion is necessary before confidentiality by civilians and punishment are reinforced," a senior Foreign Ministry official said. Behind this is the government's intention to decide what response it will make upon seeing public reaction after prioritizing the concluding of a GSOMIA. But once the pact is signed, areas subject to secrecy protection will expand, which may bring about a gap with the current penalty rules. In addition, the US, insisting on the need for the same measures to protect intelligence, may call on Japan to enact a new law.

During Diet deliberations to seek approval for the signing of GSOMIA, the prime minister and government leaders need to give a full and proper account for all those matters and answer the question of whether the public's right to know will be restricted.

8) Government to extend Iraq special law to continue ASDF mission, focusing on two-year extension

YOMIURI (Page 1) (Excerpts)  
December 29, 2006

The government decided yesterday to submit to the regular Diet session next year a bill to extend the Iraq Humanitarian Reconstruction Support Special Measures Law, which is to expire on July 31, 2007. The decision stems from the judgment that the ongoing airlift activities by the Air Self-Defense Force (ASDF) should be continued in response to requests from the United States military and the United Nations. Coordination will be carried out, focusing

TOKYO 00007188 007 OF 010

on two-year extension.

Many government officials anticipate, given the unstable situation in Iraq, that (1) reconstruction support activities by US-led coalition forces are likely to continue after July next year; and (2) support activities by the US military would last at least by the spring in 2008, based on a report by the Iraq study groups in the US Federal Congress noting, "It may be possible for combat troops to leave that nation by March 2008."

The Japanese has dispatched about 210 ASDF members and three C-130 transport planes to Iraq. They are engaged in transporting US military and UN personnel and goods to Baghdad and other airports in Iraq, with Kuwait as the base.

The Iraq legislation is a law with a four-year period of validity. It is possible to extend the law up to four years.

The government intends to coordinate views with the ruling camp on a plan to extend the law for two years. In the ruling bloc, there also is a call for a one-year extension.

9) Prime minister gambling on appointment of Watanabe; Success or failure of reform of public servant system is of primary concern

ASAHI (Page 14) (Excerpts)  
December 29, 2006

Yoshimi Watanabe, officially became state minister for administrative reform, held a press conference yesterday. He told reporters, "I will aim for structural reforms out of love." In the run-up for the Upper house election next summer, the Liberal Democratic Party (LDP) is touting reforms of education, the Social Insurance Agency and the public servant system. The party appears to be determined to press ahead with those reforms by containing opposition from bureaucrats over the reform of their golden parachute practices, the primary concern. Prime Minister Abe has appointed Watanabe to replace Sata at a time when the power base of his administration is declining, in the hope of finding a breakthrough if his reform drive succeeds. However, Abe's gamble could backfire on himself.

Watanabe during the press conference stressed the need for personnel exchanges between the government and the private sector, noting, "It is necessary to promote and activate personnel exchanges between the government and the private sector, though it may be difficult to do so to the extent of the US."

The government will submit a bill amending the National Civil Service Law to the regular Diet session. The bill backs public servants' post-retirement employment in the private sector, as can be seen in the proposal for switching to an ex post facto regulation, such as strengthening penalties and monitoring functions, instead of scrapping the advance regulation, which bans golden parachute practices by retired public servants for two years after retirement.

The government proposal includes a measure to maintain the two-year ban on golden parachute practices for a certain set period in compliance with the wishes of Sata. This measure was taken in consideration of opposition from the Democratic Party of Japan (DPJ = Minshuto). Watanabe indicated a cautious stance toward this

TOKYO 00007188 008 OF 010

measure, saying, "This has not been finally decided."

This statement by Watanabe was apparently made in compliance with the wishes of Abe. The model of strengthened functions of the Prime Minister's Official Residence (Kantei) as advocated by the prime minister is the White House of the US, where personnel exchanges between the government and the private sector are active. However, the two-year ban on golden parachute practices could block realization of such exchanges. Abe stated during a Diet session in November, "It is necessary to recruit competent personnel from bureaucracy and the private sector and promote personnel exchanges."

Watanabe and the prime minister have been in contact with each other since both of them were playing background roles, according to Watanabe -- both served as secretaries to former Foreign Ministers Michio Watanabe and Shintaro Abe. They were quick to show that they have an understanding with each other regarding reform of the public servant system. Abe has thus left his imprint on the appointment of Watanabe, new policy breed like Chief Cabinet Secretary Shiozaki and Acting LDP Secretary General Nobuteru Ishihara.

10) Passage of national referendum bill at early date: LDP action program for 2007 includes 35 key policy items

YOMIURI (Page 2) (Full)  
December 29, 2006

The Liberal Democratic Party's (LDP) action plan for 2007 was unveiled yesterday. The first policy statement compiled under the

leadership of President Abe (prime minister) touted an economy full of vitality backed by a growth strategy and a society that gives a second chance through measures to assist those who seek such. The aim is to create a "beautiful country," a goal that the prime minister advocates. As key policy items, the action plan listed 35 items, including early passage of a national referendum bill containing procedures for amending the Constitution, and the enactment of a basic maritime law.

The party will formally adopt it at its party convention on January 17.

The policy platform titled "Toward a Beautiful Country" stressed the party's policy of accelerating the reform drive, noting that with the birth of the Abe administration, the torch of reform carried out by the Koizumi administration, whose buzzword was "There will be no growth without reform," has been handed on to the Abe administration, whose policy catchphrase is "There will no future for Japan without growth." On the policy front, the statement noted that national debate on enactment of a new constitution should be generated, calling for an early establishment of the national referendum bill.

Regarding administrative reform, the party will submit a bill for reforming the public servant system, including the imposition of criminal punishments regarding influence peddling by retired public servants who landed jobs at private companies in hope of deepening debate on the possibility of further reorganization of government agencies.

For educational reform, the program proposed nationwide activities by the Association of Local Assembly Members for Revitalization of

TOKYO 00007188 009 OF 010

Education in order to raise educational strength in local regions. It also included enactment of a basic marine law for consolidating a marine policy under the initiative of the state.

For reform of the party, the following approaches were stressed: (1) measures to prevent the same municipality chiefs from being elected many times; (2) expand a public offering system and (3) enhance a party base by discovering and nurturing human resources.

11) LDP places Abe's imprint on action plan

YOMIURI (Page 29) (Full)  
December 29, 2006

The Liberal Democratic Party has placed Prime Minister Abe's imprint on its 2007 action plan incorporating many buzzwords he used during the campaign for the party presidential election, such as "second challenge" and "beautiful country Japan," while at the same time advocating the continuance of the Koizumi reform initiative.

The policy statement underscored that importance will be attached to historical investigation and education, based on the principle that what should be protected, such as family ties, culture, traditions and local communities, will be maintained.

However, it included no specific measures to implement the appealing catchphrases, such as revitalization of public education and realization of a state and society with dignity.

The action plan also characterized next year as an election year, because unified local elections and the Upper House election are to take place.

However, given the recent decline in approval ratings for the Abe administration, it can hardly be said that his reform stance has reached the public. Abe's and the LDP's ability to implement reform will be put to the test during the regular Diet session next year.

12) Reporter to Prime Minister on Yasukuni: "Isn't it now impossible for you to visit the shrine secretly?" Abe replies: "That is a rude question to ask"



Bringing up the issue of Prime Minister Shinzo Abe's visit to Yasukuni Shrine, a reporter yesterday at the Prime Minister's Official Residence (Kantei) charged: "Isn't it now impossible for you as prime minister to visit Yasukuni Shrine secretly out of sight of the public as you did when you were chief cabinet secretary?" The Prime Minister, visibly upset, replied, "Saying 'secretly' is a little bit rude, isn't it?"

The prime minister secretly visited Yasukuni Shrine this April, when he was chief cabinet secretary. However, he has continued to reply, "I have no intention of saying whether I will visit it or not or I have visited it or not." When reporters asked him whether he intends to visit the shrine during New Year's Holidays, he replied, "My answer is the same as given thus far." He indicated his intention to maintain his usual stance of not revealing whether he would visit the shrine or not.

TOKYO 00007188 010 OF 010

DONOVAN